

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

S

1

SENATE BILL 688

Short Title: Sports Wagering. (Public)

Sponsors: Senators Perry and Lowe (Primary Sponsors).

Referred to: Rules and Operations of the Senate

April 8, 2021

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE AND REGULATE SPORTS WAGERING IN NORTH
3 CAROLINA.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Chapter 18C of the General Statutes is rewritten to add a new Article:

6 "Article 9.

7 "Sports Wagering.

8 **"§ 18C-901. Definitions.**

9 As used in this Article, the following definitions apply:

10 (1) Adjusted gross revenue. – Gross wagering revenue received by an interactive
11 sports wagering operator from all sports wagers authorized under this Article
12 minus all of the following with respect to that gross wagering revenue
13 received under this Article:

14 a. All cash or cash equivalents paid out as winnings to registered players.

15 b. The costs paid by an interactive sports wagering operator for any
16 personal property distributed to a registered player as a result of a
17 sports wager.

18 c. The cash value of any bonuses or promotional credits provided to
19 registered players that are then returned to an interactive sports
20 wagering operator in the form of a deposit or wager.

21 d. Uncollectible receivables, not to exceed four percent (4%) of gross
22 revenue, except that the Commission may increase that percentage
23 upon a showing that a higher amount is reasonable.

24 e. Excise tax payments on sports wagers remitted to the federal
25 government.

26 (2) Amateur sports. – A sporting competition that is not a professional sport,
27 collegiate sport, or youth sport. This term includes domestic, international,
28 and Olympic sporting competitions.

29 (3) Cash equivalent. – An asset convertible to cash for use in connection with
30 authorized sports wagering that includes all of the following:

31 a. Foreign currency and coin.

32 b. Personal checks and drafts.

33 c. Digital, crypto, and virtual currencies.

34 d. Online and mobile payment systems that support online money
35 transfers.

36 e. Credit cards and debit cards.



* S 6 8 8 - V - 1 *

- 1 f. A prepaid access instrument.
2 g. Any other form approved by the Commission.
3 (4) College sports. – An athletic or sporting competition in which at least one
4 participant is a team or contestant competing on behalf or under the
5 sponsorship of a public or private institution of post-secondary education.
6 (5) Covered services. – Any service that involves the operation, management, or
7 control of sports wagers authorized by this Article, including the development
8 or operation of the sports wagering platform and the provision of odds and
9 line information, excluding the following:
10 a. Payment processing and similar financial services.
11 b. Customer identity, age verification, and geolocation services.
12 c. Streaming or other video and data that does not include odds or line
13 information.
14 d. Telecommunications, internet service provider, and other similar
15 services not specifically designed for sports wagering.
16 e. Other goods or services not specifically designed for use in connection
17 with sports wagering.
18 (6) Electronic sports. – Any video game played competitively for spectators,
19 either in-person or via remote connection, in which success principally
20 depends upon the superior knowledge, training, experience, and adroitness of
21 the participants.
22 (7) Gross wagering revenue. – The total of all cash or cash equivalents received
23 by an interactive sports wagering operator as sports wagers authorized under
24 this Article.
25 (8) Interactive sports wagering operator. – The holder of an interactive sports
26 wagering license issued by the Commission.
27 (9) Key person. – An officer or director of an interactive sports wagering operator
28 who is directly involved in the operation, management, or control of sports
29 wagering authorized under this Article, or who exercises substantial influence
30 or control over the interactive sports wagering operator's sports wagering
31 activities.
32 (10) Official league data. – Statistics, results, outcomes, and other data relating to
33 a sporting event obtained pursuant to an agreement with the relevant sports
34 governing body or an entity expressly authorized by the relevant sports
35 governing body to provide such data.
36 (11) Professional sports. – An athletic or sporting competition involving at least
37 two competitors who receive compensation for participating in such event.
38 (12) Registered player. – An individual who has established an account with an
39 interactive sports wagering operator.
40 (13) Service provider. – A business entity that provides covered services to an
41 interactive sports wagering operator and holds a service provider license.
42 (14) Sporting event. – Professional sports, college sports, electronic sports, and
43 amateur sports, and any other event approved by the Commission.
44 (15) Sports facility. – A facility that hosts professional sports and has a minimum
45 seating capacity of 17,000 people.
46 (16) Sports governing body. – An organization headquartered in the United States
47 and proscribes final rules with respect to a sporting event and enforces the
48 code of conduct for participants therein.
49 (17) Sports wagering brand. – The names, logos, and brands that an interactive
50 sports wagering operator advertises, promotes, or otherwise holds out to the
51 public displaying its sports wagering platform.

- 1 (18) Sports wagering platform. – A website, mobile application, or other
2 interactive platform accessible via the internet, mobile, wireless, or similar
3 communication technology that a registered player may use to place sports
4 wagers authorized under this Article.
- 5 (19) Sports wager or sports wagering. – Placing of wagers on any portion of a
6 sporting event, or on the individual performance statistics of athletes in a
7 sporting event or combination of sporting events, by any system or method of
8 wagering, that may include in-person, over the internet through websites, or
9 mobile devices. The term also includes single-game wagers, teaser wagers,
10 parlays, over-under, moneyline, pools, exchange wagering, in-game
11 wagering, in-play wagers, proposition wagers, and straight wagers.
- 12 (20) Tier one sports wager. – A sports wager that is determined solely by the final
13 score or final outcome of the sporting event and is placed before the sporting
14 event has begun.
- 15 (21) Tier two sports wager. – Any sports wager that is not a tier one sports wager.
- 16 (22) Tribal gaming enterprise. – The business entity established by a federally
17 recognized Indian tribe that is authorized to conduct Class III games, as
18 defined by the federal Indian Gaming Regulatory Act, 25 U.S.C. § 2701 et
19 seq., in this State and any technology and sports wagering brand partners of
20 that business entity.
- 21 (23) Youth sports. – An event in which the majority of participants are under the
22 age of 18 or are competing on behalf or under the sponsorship of one or more
23 public or private preschool, elementary, middle, or secondary schools. The
24 term does not include professional sports or events that occur under the
25 sponsorship or oversight of national or international athletic bodies that are
26 not educational institutions and that include participants both over and under
27 the age of 18.

28 **§ 18C-902. Authorization of sports wagering generally.**

- 29 (a) Notwithstanding any provision of Article 37 of Chapter 14 of the General Statutes,
30 sports wagering as authorized by this Article shall not be considered unlawful.
- 31 (b) Nothing in this Article shall apply to any of the following:
- 32 (1) Pari-mutuel sports wagering on horse racing as authorized by G.S. 14-292.2.
- 33 (2) Fantasy or simulated games or contests in which one or more participants
34 compete against each other and winning outcomes reflect the relative
35 knowledge and skill of the participants and are determined predominantly by
36 accumulated statistical results of the performance of individuals or athletes.
- 37 (c) Nothing in this Article shall authorize any of the following:
- 38 (1) Sports wagering involving youth sports.
- 39 (2) Sports wagering on the occurrence of any of the following:
- 40 a. Injuries.
- 41 b. Penalties.
- 42 c. The outcome of disciplinary proceedings against a participant in a
43 sporting event.
- 44 d. The outcome of replay reviews.
- 45 (3) The Commission serving as an operator of a sports wagering platform.
- 46 (d) Upon request and with reasonable notice, the Commission or the Department of
47 Revenue has the authority to audit any interactive sports wagering operator or its service
48 providers as related to sports wagering activities authorized under this Article.
- 49 (e) Any sports governing body on whose sporting events sports wagering is authorized
50 by this Article may enter into commercial agreements with interactive sports wagering operators
51 or other entities in which the sports governing body may share in the amount bet from sports

1 wagering on sporting events of the sports governing body. A sports governing body is not
2 required to obtain a license or any other approval from the Commission to lawfully accept such
3 amounts.

4 "§ 18C-903. Reserved for future codification purposes.

5 "§ 18C-904. Interactive sports wagering license.

6 (a) It shall be unlawful for any person to offer or accept sports wagers in this State without
7 a valid interactive sports wagering license. Except as provided in G.S. 18C-928, the Commission
8 shall authorize at least 10, but not more than 12, interactive sports wagering operators to offer
9 and accept sports wagers to and from registered players on sporting events, which shall include
10 any of the following:

11 (1) Professional sports.

12 (2) College sports.

13 (3) Electronic sports.

14 (4) Amateur sports.

15 (5) Any other event approved by the Commission.

16 (b) The Commission shall review and issue sports wagering licenses to qualified
17 applicants. The applicant shall complete and submit an application on a form prescribed by the
18 Commission and a licensing fee of five hundred thousand dollars (\$500,000). If the application
19 is denied, the licensing fee shall be refunded, minus any expenses the Commission incurs in
20 reviewing the application.

21 (c) The application shall set forth all of the following:

22 (1) The proposed initial business plan, including the range of contemplated types
23 and modes of sports wagering.

24 (2) The proposed measures to address age and identity verification and
25 geolocation requirements.

26 (3) The proposed internal controls that will prevent ineligible persons from
27 participating in sports wagering.

28 (4) A documented history of working to prevent compulsive gambling, including
29 training programs for its employees.

30 (5) A written information security program detailing information security
31 governance and the designation of a chief security officer or equivalent.

32 (6) The proposed sports wagering brand that the applicant plans to hold out to the
33 public displaying its sports wagering platform.

34 (7) Any personal information the Commission may deem necessary concerning
35 the applicant's key persons.

36 (8) Any other information the Commission may deem necessary.

37 (d) The Commission shall conduct a background investigation on the applicant and key
38 persons as deemed necessary by the Commission. The background investigation shall include a
39 credit history check, a tax record check, and a criminal history record check. The Commission
40 may, in its discretion, accept the results of such prior check and an affidavit that there has been
41 no change in criminal history since the prior check from an applicant or key person who has
42 submitted to a criminal history record check in this or any other state within the previous 12
43 months. The Commission may not award a license to any applicant who has been convicted, or
44 a key person of the applicant has been convicted, of a felony or any gambling offense in any state
45 or federal court of the United States within 10 years of application or renewal.

46 (e) An applicant and key person for licensure shall consent to a criminal history record
47 check. Refusal to consent to a criminal history record check may constitute grounds for the
48 Commission to deny licensure.

49 (f) The Commission shall grant or deny all applications under this section. The grounds
50 for denial of an interactive sports wagering license shall be the same as in G.S.18C-906(g). If
51 there are more qualified applicants than the number of interactive sports wagering operators

1 authorized under subsection (a) of this section, the Commission shall select the best qualified
2 applicants taking into consideration the following factors:

- 3 (1) The contents of the application submitted in accordance with this section.
- 4 (2) The extent to which the applicant demonstrates past experience, financial
5 viability, compliance with applicable laws and regulations in other
6 jurisdictions, and success with sports wagering operations in other
7 jurisdictions.
- 8 (3) The extent to which the applicant is able to meet the duties of an interactive
9 sports wagering operator.
- 10 (4) The amount of adjusted gross revenue and associated tax revenue that an
11 applicant is projected to generate.
- 12 (5) Any other factors the Commission deems relevant.

13 (g) A person holding a license to engage in sports wagering, on the basis of comparable
14 licensing requirements issued to that person by a proper authority by another state or territory of
15 the United States or the District of Columbia if that jurisdiction's requirements for licensure,
16 certification, or registration are substantially equivalent to or exceed the requirements of this
17 State, and who, in the opinion of the Commission otherwise meets the requirements of this Article
18 based upon verified evidence may, upon application, be licensed as an interactive sports wagering
19 operator without further examination. The Commission may also accept another jurisdiction's or
20 approved third party's testing of the interactive sports wagering platform as evidence that the
21 sports wagering platform meets any requirements mandated by the Commission.

22 (h) The Commission shall review and issue interactive sports wagering licenses to
23 qualified applicants within 60 days of receipt of a completed application. Any denial shall be in
24 writing and state the grounds therefor.

25 (i) Notwithstanding Chapter 132 of the General Statutes or any other provision of law,
26 only the following documents under this section shall be a public record, with respect to each
27 applicant and each interactive sports wagering operator:

- 28 (1) The name, address, and sports wagering platform.
- 29 (2) The name of all key persons.
- 30 (3) The documented history of working to prevent compulsive gambling,
31 including training programs for its employees.
- 32 (4) The proposed sports wagering brand that the applicant plans to hold out to the
33 public displaying its sports wagering platform.
- 34 (5) Whether the Commission granted or denied the application.

35 (j) Each interactive sports wagering operator shall promptly report all criminal or
36 disciplinary proceedings commenced against that interactive sports wagering operator in
37 connection with its operations to the Commission.

38 "**§ 18C-905.** Reserved for future codification purposes.

39 "**§ 18C-906. Applications for service provider licenses.**

40 (a) It shall be unlawful for any person to provide covered services to any interactive
41 sports wagering operator in this State without a valid service provider license. An interactive
42 sports wagering operator who provides covered services in-house shall not be required to have a
43 service provider license in addition to the interactive sports wagering operator license.

44 (b) The Commission shall review and issue service provider licenses to qualified
45 applicants within 60 days of receipt of a completed application. Any denial shall be in writing
46 and state the grounds therefor. The applicant shall complete and submit an application on a form
47 prescribed by the Commission and a licensing fee of twenty-five thousand dollars (\$25,000).

48 (c) The application shall set forth all of the following:

- 49 (1) The background in sports wagering or the covered service.
- 50 (2) All experience with sports wagering or other wagering activities in other
51 jurisdictions, including the applicant's history, reputation of integrity and

- 1 compliance, and a list of all active and inactive licenses, certifications, or
2 registrations and reasons for inactivity, if applicable.
- 3 (3) A written information security program, detailing information security
4 governance and the designation of a chief security officer or equivalent.
- 5 (4) Any personal information the Commission may deem necessary concerning
6 the applicant's key persons.
- 7 (5) Any other information the Commission may deem necessary.
- 8 (d) The Commission shall conduct a background investigation on the applicant and key
9 persons as deemed necessary by the Commission. The background investigation shall include a
10 credit history check, a tax record check, and a criminal history record check. The Commission
11 may, in its discretion, accept the results of such prior check and an affidavit that there has been
12 no change in criminal history since the prior check from an applicant or key person who has
13 submitted to a criminal history record check in this or any other state within the previous 12
14 months. The Commission may not award a license to any applicant who has been convicted, or
15 a key person of the applicant has been convicted, of a felony or any gambling offense in any state
16 or federal court of the United States within 10 years of application or renewal.
- 17 (e) An applicant and key person for licensure shall consent to a criminal history record
18 check. Refusal to consent to a criminal history record check may constitute grounds for the
19 Commission to deny licensure.
- 20 (f) A person holding a service provider license or its equivalent, on the basis of
21 comparable licensing requirements issued to that person by a proper authority by another state or
22 territory of the United States or the District of Columbia if that jurisdiction's requirements for
23 licensure, certification, or registration are substantially equivalent to or exceed the requirements
24 of this State, and who, in the opinion of the Commission otherwise meets the requirements of
25 this Article based upon verified evidence may, upon application, be licensed as a service provider
26 without further examination.
- 27 (g) Grounds for denial of a license may include the following:
- 28 (1) The applicant is unable to satisfy the requirements under this Article.
- 29 (2) The applicant or any key persons are not of good character, honesty or
30 integrity.
- 31 (3) The applicant's or any key person's prior activities, criminal record, reputation,
32 or associations indicate any of the following:
- 33 a. A potential threat to the public interest.
- 34 b. Impede the regulation of sports wagering.
- 35 c. Promote unfair or illegal activities in the conduct of sports wagering.
- 36 (4) The applicant or a key person knowingly makes a false statement of material
37 fact or deliberately fails to disclose information requested by the Commission.
- 38 (5) The applicant or a key person knowingly fails to comply with the provisions
39 of this Article or any requirements of the Commission.
- 40 (6) The applicant or a key person was convicted of a felony, a crime of moral
41 turpitude, or any criminal offense involving dishonesty or breach of trust
42 within the 10 years prior to the submission date of the application.
- 43 (7) Any revocation, suspension, or denial of the applicant's or key person's
44 license, certification, or registration to conduct sports wagering, other forms
45 of gambling activity, or a covered service issued by any other jurisdiction.
- 46 (8) The applicant has defaulted on any obligation or debt owed to this State.
- 47 (h) Notwithstanding any other provision of law, only the following documents under this
48 section shall be a public record, with respect to each applicant and each interactive sports
49 wagering operator:
- 50 (1) The name, address, and sports wagering platform.
- 51 (2) The name of all key persons.

1 (3) Whether the Commission granted or denied the application.

2 (i) Each service provider shall promptly report all criminal or disciplinary proceedings
3 commenced against that service provider in connection with its operations to the Commission.

4 **"§ 18C-907.** Reserved for future codification purposes.

5 **"§ 18C-908. Renewals of licenses.**

6 (a) Any license issued pursuant to this Article shall be valid for five years.

7 (b) At least 60 days prior to the expiration of a license, the license holder shall submit a
8 renewal application, on a form prescribed by the Commission, including a renewal fee of one
9 hundred thousand dollars (\$100,000) for an interactive sports wagering license and ten thousand
10 dollars (\$10,000) for a service provider license.

11 (c) The Commission may deny a license renewal for any of the following reasons:

12 (1) The same grounds that would constitute denial of an initial application under
13 G.S. 18C-906(g).

14 (2) A violation of this Article.

15 (3) With respect to interactive sports wagering operators, the Commission finds
16 good cause to believe approval of another applicant would better meet the
17 objectives of this Article in generating revenue for the State, protecting the
18 public interest, and otherwise satisfying the criteria for issuance, and no
19 additional licenses are to be available under G.S. 18C-904(a).

20 **"§ 18C-909.** Reserved for future codification purposes.

21 **"§ 18C-910. Duties of interactive sports wagering operators.**

22 (a) The interactive sports wagering operator and its service providers shall make
23 commercially reasonable efforts to do all of the following:

24 (1) Prevent persons who are not registered players from placing sports wagers
25 through its sports wagering platform.

26 (2) Prevent persons who are not physically located in the State from placing a
27 wager through its sports wagering platform.

28 (3) Protect the confidential information of registered players using its sports
29 wagering platform.

30 (4) Prevent sports wagering on prohibited events set forth in this Article or as
31 otherwise determined by the Commission.

32 (5) Prevent persons from placing sports wagers as agents or proxies for others.

33 (6) Allow persons to voluntarily exclude themselves under G.S. 18C-112 from
34 placing sports wagers through its sports wagering platform as set forth in this
35 Article.

36 (7) Establish procedures to detect suspicious or illegal sports wagering activity.

37 (8) Provide for the reporting of income tax of registered players where required
38 by applicable State or federal law.

39 (9) Prevent a participant in a sporting event, including an athlete, coach, trainer,
40 official, or any employee or staff of a participant from placing a sports wager
41 on that sporting event in which the participant is participating.

42 (b) For three years after a sporting event occurs, interactive sports wagering operators
43 shall maintain records on:

44 (1) All sports wagers, including the identity of the registered player.

45 (2) The amount, type, time, location, and outcome of the wager, including the IP
46 address, if available.

47 (3) Suspicious or illegal sports wagering activity.

48 (c) The interactive sports wagering operator shall disclose the records described in
49 G.S. 18C-910(b) to the Commission upon request.

50 (d) If a sports governing body has notified the Commission that real-time information
51 sharing for sports wagers placed on its sporting events is necessary, interactive sports wagering

1 operators shall share with that sports governing body or its designee in real time, at the account
2 level, anonymized information regarding a wagerer, amount and type of wager, the time the
3 wager was placed, the location of the wager, and the IP address if applicable, outcome of the
4 wager, and records of abnormal sports wagering activity. For purposes of this subsection, real
5 time means on a commercially reasonable periodic interval, but in any event, not less than once
6 every 72 hours.

7 (e) In advertising its sports wagering platform, the interactive sports wagering operator
8 shall ensure that its advertisements meet all of the following:

9 (1) It does not target persons under the age of 21.

10 (2) It discloses the identity of the interactive sports wagering operator.

11 (3) It provides information about or links to resources related to gambling
12 addiction and prevention.

13 (4) It is not misleading to a reasonable person.

14 (f) Interactive sports wagering operators shall conduct background checks on newly
15 hired employees. The interactive sports wagering operator shall also conduct a single background
16 check on employees as of the date of licensure. Background checks shall search for criminal
17 history and any charges or convictions involving corruption or manipulation of sporting events
18 and association with organized crime.

19 (g) Interactive sports wagering operators shall employ commercially reasonable methods
20 to maintain the security of wagering data, registered player and other customer data, and any
21 other confidential information, including information provided by a sports governing body, from
22 unauthorized access and dissemination. Nothing in this subsection shall preclude the use of
23 internet or cloud-based hosting of such data and information or disclosure as required by State
24 or federal law or a court order.

25 "**§ 18C-911.** Reserved for future codification purposes.

26 "**§ 18C-912. Establishment of interactive accounts.**

27 (a) Only a registered player shall be permitted to deposit cash or cash equivalents, or to
28 place a sports wager, with an interactive sports wagering operator. The interactive sports
29 wagering operator is responsible for verifying the identity of the registered player and ensuring
30 that the registered player is at least 21 years of age.

31 (b) A registered player may not have more than one interactive account with each
32 interactive sports wagering operator.

33 (c) All of the following persons are prohibited from engaging in sports wagering:

34 (1) Any person under the age of 21.

35 (2) Any person who has requested and not revoked a voluntary exclusion
36 designation from sports wagering pursuant to G.S. 18C-922.

37 (3) Any person who has been adjudicated by law as prohibited from engaging in
38 sports wagering.

39 (4) Any member, officer, or employee of the Commission if placing a sports
40 wager in this State.

41 (5) Any employee or key person of an interactive sports wagering operator or
42 service provider license when placing sports wagers with that interactive
43 sports wagering operator.

44 (6) With respect to a sporting event, any participant in that sporting event,
45 including an athlete, coach, trainer, official, or any employee or staff of a
46 participant, when placing a sports wager on that sporting event in which that
47 participant is participating.

48 (7) Any employees or staff of a sports governing body or authorizing league or
49 similar sponsoring organization, but only from the sporting events with which
50 that individual or sports governing body, authorizing league or similar
51 sponsoring organization is affiliated.

1 (d) An interactive account shall meet all of the following requirements:

2 (1) Be registered in the name of the registered player, who is a natural person.

3 (2) Be established through the interactive sports wagering operator's sports
4 wagering platform.

5 (3) Be funded with cash or cash equivalents online or placed at a sports facility as
6 provided in G.S. 18C-926(a).

7 (4) Prohibit the transfer or sale of an account or account balance.

8 (5) Prohibit the use of any virtual private network or other technology that may
9 obscure or falsify the registered player's physical location.

10 (6) Prohibit any form of collusion, cheating, or other unlawful activity.

11 (7) Affirm that the registered player meets all eligibility requirements for
12 registration.

13 (8) Authorize the provision of notices and other required communications either
14 through a designated mobile or other interface or to an electronic mail address
15 designated by the registered player.

16 (e) The interactive sports wagering operator shall put in place sufficient measures to
17 verify the age and identity of the registered player needed to allow the establishment of
18 interactive accounts remotely.

19 (f) An interactive account held by a registered player in this State may be suspended or
20 terminated by the interactive sports wagering operator under any of the following conditions:

21 (1) The registered player has provided any false or misleading information in
22 connection with the opening of the account, or has engaged in collusion,
23 cheating, or other unlawful conduct.

24 (2) The registered player is barred from placing sports wagers in the State.

25 (3) The registered player is or otherwise becomes ineligible pursuant to this
26 Article.

27 (4) For any other reason at the sole discretion of the interactive sports wagering
28 operator, provided that it is not on the basis of a registered player's actual or
29 believed sex, gender identity, race, religion, national origin, sexual
30 orientation, or other lawfully protected characteristic.

31 (g) In the event of termination of the interactive account in accordance with this section,
32 the registered player shall be provided a timely ability to access and withdraw any funds
33 remaining in the interactive account.

34 **"§ 18C-913.** Reserved for future codification purposes.

35 **"§ 18C-914. Integrity of competition and prohibited events.**

36 (a) A sports governing body may submit to the Commission in writing a request to
37 restrict, limit, or exclude a certain type, form, or category of sports wagering with respect to
38 sporting events of such body, if the sports governing body believes that such type, form, or
39 category of sports wagering with respect to sporting events of such body may undermine the
40 integrity or perceived integrity of such body or sporting events of such body. The Commission
41 shall request comment from sports wagering operators on all such requests. After giving due
42 consideration to all comments received, the Commission shall, upon a demonstration of good
43 cause from the requestor that such type, form, or category of sports wagering is likely to
44 undermine the integrity or perceived integrity of such body or sporting events of such body, grant
45 the request. The Commission shall respond to a request concerning a particular event before the
46 start of the event, or if it is not feasible to respond before the start of the event, no later than seven
47 days after the request is made. If the Commission determines that the requestor is more likely
48 than not to prevail in successfully demonstrating good cause for its request, the Commission may
49 provisionally grant the request of the sports governing body until the Commission makes a final
50 determination as to whether the requestor has demonstrated good cause. Absent such a
51 provisional grant by the Commission, sports wagering operators may continue to offer sports

1 wagering on sporting events that are the subject of such a request during the pendency of the
2 Commission's consideration of the applicable request.

3 (b) The Commission and interactive sports wagering operators shall cooperate with
4 investigations conducted by sports governing bodies or law enforcement agencies, including
5 using commercially reasonable efforts to provide or facilitate the provision of sports wagering
6 information. All disclosures under this section are subject to an interactive sports wagering
7 operator's obligations to comply with all federal, State, and local laws and regulations, including
8 those relating to privacy and personally identifiable information.

9 (c) Interactive sports wagering operators are not required to use official league data for
10 determining any of the following:

11 (1) The results of tier one sports wagers on sporting events of any organization
12 whether headquartered in the United States or elsewhere.

13 (2) The results of tier two sports wagers on sporting events of organizations that
14 are not headquartered in the United States.

15 (d) A sports governing body may notify the Commission that it desires interactive sports
16 wagering operators to use official league data to settle tier two sports wagers on sporting events
17 of such sports governing body. Such notification shall be made in the form and manner as the
18 Commission may require. The Commission shall notify each interactive sports wagering operator
19 of a sports governing body's notification within five days of the Commission's receipt of such
20 notification. If a sports governing body does not so notify the Commission, an interactive sports
21 wagering operator is not required to use official league data for determining the results of tier
22 two sports wagers on sporting events of such sports governing body.

23 (e) Within 60 days of the Commission notifying each interactive sports wagering
24 operator of such a sports governing body notification to the Commission, or such longer period
25 as may be agreed between the sports governing body and the applicable interactive sports
26 wagering operator, interactive sports wagering operators shall use only official league data to
27 determine the results of tier two sports wagers on sporting events of that sports governing body,
28 unless any of the following apply:

29 (1) The sports governing body or its designee cannot provide a feed of official
30 league data to determine the results of a particular type of tier two sports
31 wager, in which case interactive sports wagering operators are not required to
32 use official league data for determining the results of the applicable tier two
33 sports wager until such time as such a data feed becomes available from the
34 sports governing body on commercially reasonable terms and conditions.

35 (2) An interactive sports wagering operator can demonstrate to the Commission
36 that the sports governing body or its designee will not provide a feed of official
37 league data to the interactive sports wagering operator on commercially
38 reasonable terms and conditions.

39 (3) The sports governing body or its designee does not obtain a license from the
40 Commission to provide official league data to interactive sports wagering
41 operators to determine the results of tier two sports wagers, if and to the extent
42 required by law.

43 (f) During the pendency of the Commission's determination as to whether a sports
44 governing body or its designee will provide a feed of official league data on commercially
45 reasonable terms, an interactive sports wagering operator is not required to use official league
46 data for determining the results of tier two sports wagers. The Commission's determination shall
47 be made within 60 days of the interactive sports wagering operator notifying the Commission
48 that it desires to demonstrate that the sports governing body or its designees will not provide a
49 feed of official league data to the sports wagering operator on commercially reasonable terms.
50 The following is a non-exclusive list of factors the Commission may consider in evaluating

1 whether official league data is being offered on commercially reasonable terms and conditions
2 for purposes of this subsection and subsections (d) and (e) of this section:

3 (1) The extent to which interactive sports wagering operators have purchased the
4 same or similar official league data on the same or similar terms, particularly
5 in jurisdictions where such purchase was not required by law, or was required
6 by law, but only if offered on commercially reasonable terms.

7 (2) The nature and quantity of the official league data, including its speed,
8 accuracy, reliability, and overall quality, as compared to comparable
9 non-official data.

10 (3) The quality and complexity of the process used to collect and distribute the
11 official league data as compared to comparable non-official data.

12 (4) The availability of a sports governing body's tier two official league data to a
13 sports wagering operator from more than one authorized source.

14 (5) Market information, including price and other terms and conditions, regarding
15 the purchase by interactive sports wagering operators of comparable data for
16 the purpose of settling sports wagers in this State and other jurisdictions.

17 (6) The extent to which sports governing bodies or their designees have made data
18 used to settle tier two sports wagers available to interactive sports wagering
19 operators and any terms and conditions relating to the use of that data.

20 (7) Any other information the Commission deems relevant.

21 (g) Interactive sports wagering operators shall, as soon as practicable, report to the
22 Commission any information relating to abnormal betting activity or patterns that may indicate
23 a concern with the integrity of a sporting event or events, or any other conduct that corrupts a
24 sports wagering outcome of a sporting event or events for purposes of financial gain, including
25 match fixing. The interactive sports wagering operator making such a report shall also
26 simultaneously report such information to the relevant sports governing body.

27 "§ 18C-915. Reserved for future codification purposes.

28 **"§ 18C-916. Civil penalties; suspension and revocation of licenses.**

29 If the Commission determines that the holder of a license under this Article has violated any
30 provision of this Article, the Commission, with at least 15 days' notice and a hearing, may do
31 either or both of the following:

32 (1) Suspend or revoke the license.

33 (2) Impose a monetary penalty of not more than ten thousand dollars (\$10,000)
34 for each violation.

35 "§ 18C-917. Reserved for future codification purposes.

36 **"§ 18C-918. Criminal penalties.**

37 (a) Any person who knowingly offers or engages in sports wagering in violation of this
38 Article shall be guilty of a Class 2 misdemeanor.

39 (b) Any person under the age of 21 who engages in sports wagering as defined under this
40 Article shall be guilty of a Class 2 misdemeanor.

41 (c) Any person who knowingly attempts to suborn, collude, or otherwise conspire to
42 influence the outcome of any competition or aspect of any competition that is the subject of sports
43 wagering pursuant to this Article shall be guilty of a Class G felony.

44 (d) Any applicant for an interactive sports wagering license or a service provider license
45 who willfully furnishes, supplies, or otherwise gives false information on the interactive sports
46 wagering license application shall be guilty of a Class I felony.

47 (e) Nothing in this Article shall be construed to allow the interactive sports wagering
48 operator or its service providers to be charged with violation of this Article absent actual notice
49 and knowledge that a registered player is under age or giving false information.

50 "§ 18C-919. Reserved for future codification purposes.

51 **"§ 18C-920. Tax.**

1 (a) There shall be imposed a tax of eight percent (8%) on the adjusted gross revenue of
2 each interactive sports wagering operator. The tax imposed pursuant to this section is due
3 monthly to the Commission and shall be remitted on or before the twentieth day of the next
4 succeeding calendar month. If the interactive sports wagering operator's accounting practices
5 necessitate corrections to a previously remitted tax, the interactive sports wagering operator shall
6 document such corrections when the interactive sports wagering operator pays the following
7 month's taxes.

8 (b) If the interactive sports wagering operator's adjusted gross revenue for a month is a
9 negative number, the interactive sports wagering operator may carry over the negative amount
10 to a remission required under subsection (a) of this section within 12 months and deduct such
11 amount from its tax liability for that month.

12 (c) After reimbursement of expenses in implementing its responsibilities under this
13 Article and payments as provided in subsection (d) of this section, the Commission shall remit
14 all tax payments collected pursuant to this section and all license fees collected pursuant to this
15 Article to the Department of Revenue. The Commission shall document all expenses for which
16 deduction from the payments owed is asserted, which documentation shall be subject to audit by
17 the State.

18 (d) The Commission shall remit fifty percent (50%) of the tax collected in subsection (a)
19 of this section to the North Carolina Major Events, Games, and Attractions Fund established
20 under G.S. 143A-437.112.

21 (e) Interactive sports wagering operators shall not be subjected to an excise tax, license
22 tax, permit tax, privilege tax, amusement tax, or occupation tax that is imposed upon the
23 interactive sports wagering operator by the State or any political subdivision thereof, except as
24 provided in this Article.

25 (f) The Commission shall provide all of the following to the Department of Revenue:

26 (1) A monthly report that includes a complete statement of sports wagering
27 revenues and expenses for the previous month.

28 (2) A complete statement of sports wagering revenues and expenses, along with
29 any recommendations for changes to this Article for the fiscal year, within 30
30 days of the end of that fiscal year. A copy shall also be provided to the State
31 Controller.

32 **"§ 18C-921.** Reserved for future codification purposes.

33 **"§ 18C-922. Voluntary exclusion program.**

34 (a) Any individual shall be able to voluntarily exclude themselves from placing sports
35 wagers through a voluntary exclusion program established by the Commission. Interactive sports
36 wagering operators shall use reasonable means to comply with exclusion of individuals
37 participating in the program by the Commission.

38 (b) The Commission shall adopt rules to establish the voluntary exclusion program,
39 which shall comply with all of the following:

40 (1) Verification of the individual's request to be placed in the program, and for
41 how long, up to and including that individual's lifetime.

42 (2) How information regarding which individuals are in the program is to be
43 disseminated to the interactive sports wagering operators.

44 (3) How an individual in the program may petition the Commission for removal
45 from the program.

46 (4) The means by which the interactive sports wagering operators and their agents
47 shall make all reasonable efforts to cease direct marketing efforts to
48 individuals participating in the program.

49 (5) The means by which the Commission shall make available to all interactive
50 sports wagering operators and their agents the names of the individuals
51 participating the program, which shall be at least quarterly.

1 (c) Participation in the voluntary exclusion program shall not preclude an interactive
2 sports wagering operator and its agents from seeking the payment of a debt accrued by the
3 individual prior to participating in the program.

4 "§ 18C-923. Reserved for future codification purposes.

5 "§ 18C-924. Risk management.

6 The Commission shall adopt rules permitting, but not requiring, interactive sports wagering
7 operators and their service providers to employ systems that offset loss or manage or lay off risk
8 in the operation of sports wagering pursuant to this Article, including through liquidity pools,
9 exchanges, or similar mechanisms in another approved jurisdiction in which the interactive sports
10 wagering operator, service provider, or an affiliate of either or other third party also holds a
11 license or the equivalent, provided that at all times adequate protections are maintained to ensure
12 sufficient funds are available to pay all registered players.

13 "§ 18C-925. Reserved for future codification purposes.

14 "§ 18C-926. Places of public accommodation.

15 (a) The owner or operator of a sports facility may establish a place of public
16 accommodation for the purpose of accessing a sports wagering platform through mobile devices,
17 computer terminals, or similar access devices, either directly or with assistance. A place of public
18 accommodations allowed under this section shall be located on the property containing the sports
19 facility or on other property owned or controlled by the owner or operator of the sports facility
20 or an affiliated entity of the owner or operator of the sports facility that is located within a
21 one-quarter mile radius of the sports facility.

22 (b) A public accommodation under this section may be advertised by the owner or
23 operator of the sports facility. Nothing in this section shall be construed to exempt a place of
24 public accommodation from the provisions of any other law that may be enforceable.

25 "§ 18C-927. Reserved for future codification purposes.

26 "§ 18C-928. Indian gaming; compliance with federal law.

27 (a) All sports wagering authorized under this Article shall be initiated, received, and
28 otherwise made within this State unless otherwise determined by the Commission in accordance
29 with applicable federal and State laws. Consistent with the intent of the United States Congress
30 as articulated in the Unlawful Internet Gambling Enforcement Act of 2006 (31 U.S.C. § 5361 et
31 seq), the intermediate routing of electronic data relating to intrastate sports wagering authorized
32 under this Article shall not determine the location or locations in which such sports wagers are
33 initiated, received, or otherwise made.

34 (b) All activities authorized by this Article shall be deemed to be conducted solely under
35 the authority of this Article and not under the federal Indian Gaming Regulatory Act, 25 U.S.C.
36 § 2701 et seq.

37 (c) A tribal gaming enterprise shall be deemed an interactive sports wagering operator
38 upon the occurrence of all of the following:

39 (1) Submission of a completed application to the Commission.

40 (2) Payment to the Commission of any application and renewal fees as provided
41 in this Article.

42 (3) Agreement by the tribal gaming enterprise, in a form as prescribed by the
43 Commission:

44 a. To adhere to the requirements of this Article and to the regulations
45 adopted by the Commission with respect to interactive sports
46 wagering.

47 b. To submit to the Commission's enforcement of this Article and any
48 implementing of the rules, including waiver of any applicable tribal
49 sovereign immunity for the sole and limited purpose of such
50 enforcement.

51 c. To collect and pay all taxes imposed by this Article.

- 1 d. To not offer or conduct any interactive gambling other than the
2 interactive sports wagering authorized by this Article unless
3 specifically otherwise authorized by law.
4 e. To locate any server or other information technology equipment used
5 by the tribal gaming enterprise and its agents to accept interactive
6 sports wagering authorized by this Article on land that is not Indian
7 lands and which, upon request, shall be accessible by the Commission,
8 Department of Revenue and State law enforcement.

9 (d) A tribal gaming enterprise deemed an interactive sports wagering operator under this
10 section shall not count towards the total number of authorized interactive sports wagering
11 operators in this State in accordance with G.S. 18C-904."

12 **SECTION 2.** Article 10B of Chapter 143B of the General Statutes is amended by
13 adding a Part to read:

14 "Part 2L. North Carolina Major Events, Games, and Attractions Fund.

15 "**§ 143B-437.110. Legislative findings and purpose.**

16 The General Assembly finds that:

- 17 (1) It is the policy of the State of North Carolina to stimulate economic activity
18 and to create new jobs for the citizens of the State by encouraging and
19 promoting the attraction of major events to the State that spur economic
20 activity by attracting out-of-state visitors to the State and thereby promoting
21 the travel and tourism industries within the State.
22 (2) The purpose of this Part is to stimulate economic activity and to create new
23 jobs within the State.
24 (3) The enactment of this Part will maintain consistency and accountability in a
25 key economic development program and will ensure that the program benefits
26 the State and its citizens.
27 (4) Nothing in this Part shall be construed to constitute a guarantee or assumption
28 by the State of any debt of any business or to authorize the taxing power or the
29 full faith and credit of the State to be pledged.

30 "**§ 143B-437.111. Definitions.**

31 The following definitions apply in this Part:

- 32 (1) Fund. – The North Carolina Major Events, Games, and Attractions Fund
33 established under G.S. 143B-437.112.
34 (2) Local entity. – A city, county, or local organizing committee.
35 (3) Local organizing committee. – A nonprofit corporation or its successor in
36 interest that satisfies one of the following conditions:
37 a. It has been authorized by a city, county, or more than one city or
38 county acting collectively to pursue an application and bid on the
39 applicant's behalf to a site selection organization for selection as the
40 site of a major event.
41 b. With the authorization of a city, county, or more than one city or
42 county acting collectively, it has executed an agreement with a site
43 selection organization regarding a bid to host a major event.
44 (4) Major event. – An entertainment, musical, political, sporting, or theatrical
45 event that satisfies the following conditions:
46 a. The event is held at a sports facility or is an event sponsored by the
47 Ladies Professional Golf Association, the Professional Golfers'
48 Association of America, the PGA Tour, or the United States Golf
49 Association.
50 b. The event is not held more often than annually.

- 1 c. The location of the event is determined by a site selection organization
2 through a competitive process.
3 d. The site selection organization considered multiple sites located
4 outside of the State for the event.
5 e. The site selection organization selected a site within this State as the
6 sole location for the event.

7 (5) Site selection organization. – The organization responsible for determining the
8 site of a major event.

9 (6) Sports facility. – As defined in G.S. 18C-901.

10 **"§ 143B-437.112. North Carolina Major Events, Games, and Attractions Fund.**

11 (a) There is established the North Carolina Major Events, Games, and Attractions Fund
12 to be administered by the Department. In order to foster job creation and investment in the
13 economy of this State, the Department may enter into multiparty agreements with site selection
14 organizations and local entities to provide grants in accordance with the provisions of this Part.
15 Before entering into an agreement, the Department must find that all of the following conditions
16 are met:

17 (1) The economic activity directly or indirectly attributable to the major event is
18 sufficient to justify the use of State funds to attract or retain the event in this
19 State.

20 (2) It is anticipated that the major event will provide positive media exposure for
21 the State, thereby supplementing the State's efforts to promote travel and
22 tourism within the State.

23 (3) The site selection organization must have considered multiple sites located
24 outside of the State for the event.

25 (4) The site selection organization has selected a site within this State as the sole
26 location for the event.

27 (5) The event is not held more often than annually.

28 (6) The project will benefit the people of this State by increasing opportunities
29 for employment and by strengthening this State's economy.

30 (7) The project is consistent with economic development goals for the State and
31 for the area where it will be located.

32 (8) A grant under this Part is necessary to attract or retain the major event within
33 this State.

34 (9) The total benefits of the major event to the State outweigh its costs and render
35 the grant appropriate for the major event.

36 (b) In addition to the amounts remitted to the Fund pursuant to G.S. 18C-920(d), the
37 General Assembly shall determine any additional amount appropriated to the Fund. Agreements
38 entered under this section are subject to appropriations.

39 **"§ 143B-437.113. Applications; reports; study.**

40 (a) Application. – A local entity shall apply to the Department for a grant on a form
41 prescribed by the Department that includes at least all of the following:

42 (1) The name or nature of the major event.

43 (2) A complete listing of all local entities associated with the application.

44 (3) To the extent known by the local entity, information concerning other
45 locations, including locations in other states and countries, being considered
46 for the major event and the nature of any governmental assistance available
47 to support the major event were it to be located in one of those location.

48 (4) Information concerning any other State or local government assistance for
49 which the local entity is applying or that it has an expectation of receiving.

50 (5) Any other information necessary for the Committee to evaluate the application.

1 **(b) Annual Reports.** – The Department shall publish a report on the Fund on or before
2 April 30 of each year. The Department shall submit the report electronically to the House of
3 Representatives Finance Committee, the Senate Finance Committee, the House of
4 Representatives Appropriations Subcommittee on Natural and Economic Resources, the Senate
5 Appropriations Committee on Natural and Economic Resources, and the Fiscal Research
6 Division. The report shall include the following:

- 7 **(1)** A listing of each grant awarded during the preceding calendar year.
8 **(2)** An update on the status of major events for which grants have been awarded
9 but that have not yet occurred.
10 **(3)** For the first annual report after adoption of the guidelines developed by the
11 Department to implement this Part, a copy of the guidelines, and for
12 subsequent reports, identification of any changes to those guidelines from the
13 previous annual report.
14 **(4)** The geographic distribution of grants, by number and amount, awarded under
15 the program.
16 **(5)** A listing of all local entities making an application under this Part and an
17 explanation of whether a site selection organization located the major event
18 in this State regardless of whether a grant for the event was awarded under
19 this Part.

20 **(c) Study.** – The Department shall conduct a study to determine the minimum funding
21 level required to implement the Fund successfully. The Department shall report the results of this
22 study to the House of Representatives Finance Committee, the Senate Finance Committee, the
23 House of Representatives Appropriations Subcommittee on Natural and Economic Resources,
24 the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal
25 Research Division no later than April 1 of each year.

26 **"§ 143B-437.114. Program guidelines.**

27 The Department, in conjunction with the Governor's Office, shall develop guidelines related
28 to the administration of the Fund, the selection of projects to receive allocations from the Fund,
29 and the disbursement of a grant under the Fund. At least 20 days before the effective date of any
30 guidelines or nontechnical amendments to guidelines, the Department must publish the proposed
31 guidelines on the Department's website and provide notice to persons who have requested notice
32 of proposed guidelines. In addition, the Department must accept oral and written comments on
33 the proposed guidelines during the 15 business days beginning on the first day that the
34 Department has completed these notifications. For the purpose of this section, a technical
35 amendment is either of the following:

- 36 **(1)** An amendment that corrects a spelling or grammatical error.
37 **(2)** An amendment that makes a clarification based on public comment and could
38 have been anticipated by the public notice that immediately preceded the
39 public comment."

40 **SECTION 3.(a)** G.S. 18C-114(a)(8) reads as rewritten:

41 **"(8)** To charge a fee of potential ~~contractors and~~ contractors, of lottery ~~contractors~~
42 contractors, and of interactive sports wagering operators under Article 9 of
43 this Chapter to not exceed the cost of the criminal record check of the potential
44 contractors and lottery contractors."

45 **SECTION 3.(b)** G.S. 18C-120(b)(2) reads as rewritten:

46 **"(2)** To conduct a background investigation, including a criminal history record
47 check, of applicants for employment with the Commission, interactive sports
48 wagering operators under Article 9 of this Chapter, lottery retailers, and lottery
49 potential contractors, which may include a search of the State and National
50 Repositories of Criminal Histories based on the fingerprints of applicants."

51 **SECTION 3.(c)** G.S. 143B-947 reads as rewritten:

1 "§ 143B-947. **Criminal record checks for the North Carolina State Lottery Commission**
2 **and its Director.**

3 The Department of Public Safety may provide to the North Carolina State Lottery
4 Commission and to its Director from the State and National Repositories of Criminal Histories
5 the criminal history of any prospective employee of the ~~Commission and Commission~~, any
6 potential ~~contractor~~-contractor, and any prospective interactive sports wagering operator or
7 service provider under Article 9 of Chapter 18C of the General Statutes. The North Carolina State
8 Lottery Commission or its Director shall provide to the Department of Public Safety, along with
9 the request, the fingerprints of the prospective employee of the Commission, or of the potential
10 contractor, a form signed by the prospective employee of the Commission, or of the potential
11 contractor consenting to the criminal record check and use of fingerprints and other identifying
12 information required by the State and National Repositories, and any additional information
13 required by the Department of Public Safety. The fingerprints of the prospective employee of the
14 Commission, or potential contractor, or potential interactive sports wagering operator, shall be
15 forwarded to the State Bureau of Investigation for a search of the State's criminal history record
16 file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau
17 of Investigation for a national criminal history record check. The North Carolina State Lottery
18 Commission and its Director shall remit any fingerprint information retained by the Commission
19 to alcohol law enforcement agents appointed under Article 5 of Chapter 18B of the General
20 Statutes and shall keep all information obtained pursuant to this section confidential. The
21 Department of Public Safety shall charge a reasonable fee only for conducting the checks of the
22 criminal history records authorized by this section."

23 **SECTION 4.** If any section or provision of this act is declared unconstitutional or
24 invalid by the courts, it does not affect the validity of this act as a whole or any part other than
25 the part so declared to be unconstitutional or invalid.

26 **SECTION 5.** The Commission shall adopt temporary rules to implement the
27 provisions of this Article. The Commission may accept and issue applications for licensure in
28 accordance with Article 9 of Chapter 18C of the General Statutes, as enacted by this act, and any
29 such license issued by the Commission shall become effective October 1, 2021. If more than 12
30 completed applications are received, the Commission in its discretion shall select the qualified
31 applicants it determines will best serve the public interest in maximizing revenue to the State,
32 while preserving the integrity of sports wagering and ensuring accountability and preserving the
33 public trust in licensed sports wagering activities.

34 **SECTION 6.** Section 5 is effective when the act becomes law. Except as otherwise
35 provided, this act becomes effective October 1, 2021.